CHAPTER I

INTRODUCTION

Indian Banking Industry is expanding rapidly with substantial increase in its customer base. Banks in India have grown in terms of number of new branches, ATMs, banking correspondents and number of banking services. Due to this rapid growth, now the banking customer has choice to select a bank that suits to his financial requirements. This results in increasing competition in Indian banking sector. Srinivasan (1996) highlighted that competition has an impact on high propensity of banking customers to switch bank easily. To deal with the competition, banks in India are providing innovative banking products and services to their customers. Presently, Indian banks are striving hard to provide the customers with improved range of products & services with managed marketing activities so that the customers can be attracted and retained for long time. In order to attract them, banks are using promotional activities to avail the innovative banking services, while retaining them the banks offer customized and enhanced banking services. Catering the demand of innovation and to be sustainable in the competition, bank leaders are exploring and adapting world class practices to lure and retain customers.

The bank leaders are using the latest technology effectively and efficiently to satisfy their customers and to become financial viable. The evolution in technology has changed the environment of all the businesses including banking industry. The use of technology has been increasing in Indian banking industry with high pace. The tempo of development has been exceptional over the past ten years. Indian banking has adapted several Technology Based Banking Services (TBBS) from the use of computerisation in early 90’s to payment banks in 2014. The different technology driven services are being provided by Indian bankers to customers and the usage of these services is rising with a high growth (RBI report, 2013). The numbers of ATMs of Schedule Commercial Banks (public, private and foreign banks) have been increased from a mere 10,000 in year 2000 to 180,000 in year 2015.
The online services took off in mid 90’s. ICICI bank introduced its online services in 1996 and opened the door for new delivery channels for banking products to reach its customers in India. It became the first bank to provide internet based services. Following this transition, the other public and private sector banks also started providing online services to their customers e.g. HDFC started online services in 1999 and SBI launched online services in 2001. The Citi bank and IndusInd bank introduced online services in 1999. The introduction of online services by these banks pushed other banks to kick off their services as well. Consequently, Allahabad bank, Syndicate bank and Bank of India came with their online services.

Nowadays, the banks offer fully transactional internet banking, a bunch of transactions through ATMs, mobile banking and payment through credit/debit cards at Point of sales location. The services include electronic funds transfer using NEFT, RTGS, IMPS, cheque book request, historical statement, cheque status enquiry, payments through credit and debit cards and call center facility to assist customer. Indian banking customers are adapting these technology based services with moderate pace. As per Malhotra and Singh (2010), the banking customers in India are more concerned about privacy and security issues related to banking transactions. As per national census 2011, the population in India is more than one billion and nearly half of the population is still needs to be covered under the banking net. In order to make banking services available to every citizen of India, the government has initiated financial inclusion scheme, direct benefit transfer scheme, Pardhanmantri Jan Dhan Yojna and facilities of Small & Payment banks. With the implementation of these schemes the usage of TBBS is likely to increase substantially. Due to emergence of Internet, the Indian banks have reached the stage of technological banking in their orbit. Following this progression, the banks adapted numerous technologies to serve their customers. The banking services are now technology driven services and their usage has been shifted from bank personnel enabled to self service enabled. The technological interfaces which make customer to get benefited from any service without the involvement of service personnel are called self service technologies (Meuter,
Many banking service providers switched to self-service technologies due to steep increase in labor cost and revolution in technology (Dabholkar, 1996). The use of technology facilitated service organizations to become financially efficient on one side and address customer specific needs on the other side. Eyadat and Kozak (2005) found the use of technology positively correlated with profitability in banking industry.

In the era of service design, selfservices are generally viewed as a specific class of touch points in the overall service process, or even an alternative delivery channel for accessing any service from a service provider at anytime, anywhere. In self-service version, customer contacts the service provider by means of a machine or an online application. For example, it is possible to get cash from banking personnel inside a bank, or from an ATM machine at the railway station; it is possible to acquire statement of saving account from a bank personnel at bank branch, or from a self-service terminal like ATM, or even to check it online on net banking.

Thus, when there are problems with the accessibility or usability of one of these self-service touch points, the overall service should be robust enough to have in place an alternative route of delivering the service. In order to take into account the dynamics in consumer patronage behavior towards self service technologies in banking i.e. the technology based banking services (TBBS), it may be advantageous to study customer satisfaction and service quality in Indian context. Assessment of existing Customer Satisfaction and Behavioral Intentions towards TBBS may give directions to bank leaders to improve and customize their TBBS as per the customers’ requirements. There is insufficient understanding available about what impacts customer’s service quality perception and how customer adopts the self service technologies in Indian banking context. It is evident that the self service technology has transformed the service industry. Due to this it is relevant to enquire how customer assesses features of self service technologies (TBBS) and the present level of customer satisfaction towards such services.
The present study focuses on assessment of service quality perception of banking customers towards technology based banking services in India. It attempts to measure the satisfaction level and customer’s behavioral intentions towards technology based banking services offered by selected banks operating in India. Before coming to research problem, it is necessary to provide an overview of Indian banking industry. The following sections contains the Indian banking overview, history, banking regulator, products of banking and innovations in banking industry of India.

1.3 Indian Banking Industry- An Overview

Historical Perspective

Bank of Hindustan based on European style, was the first bank of India and established by Alexander & co. in 1770. Modern commercial banking started in India when the first Presidency Bank of Bengal was established in 1806 in Calcutta, the then Bengal province of British India. Banking in India was extended in British ruled India with the establishment of Presidency Bank of Bombay in 1840 and Bank of Madras in 1843. The first commercial bank based on limited liability and managed by Indians was ‘Avadh Bank’ and established in 1881. Lala Lajpat Rai and others came together to incorporate Punjab National Bank in 1894. Thereafter, many banks came into existence due to expanding banking industry. During 1906 and 1913, Central Bank of India, Bank of India, Canara Bank, Bank of Baroda and Bank of Mysore were established to make Indian banking sector a competitive one. The Imperial Bank of India came into existence in 1921 when all three Presidency Banks were amalgamated together. Later, this bank became the State Bank of India in 1955.

The origination of Reserve Bank of India was initiated in 1926. The Hilton Young Commission on Indian currency and finance gave its recommendations to create a central bank. They wanted to make the control of currency and credit free from the control of government. This was a big step in augmentation of banking services across the country. The Reserve Bank of India was incorporated by RBI Act 1934, which designated it as a banker to central government. The RBI started its operations in 1935. Since then, the roles and functions of Reserve Bank of
India are being updated regularly as per the change arising in Indian and world economy. After the Independence, the Government of India nationalized the Reserve Bank of India in 1949. Thereafter, The Imperial bank of India was nationalised and State Bank of India came into picture in 1955 with its seven associates.

The government went for nationalisation of 14 commercial banks having deposits of more than Rupees 50 crore, as a step in direction of social banking. In August 1980, another six commercial banks having deposits of more than Rupees 200 crore were nationalised. As a result of economic reforms, the guidelines for setting up new banks were relaxed and modified in 1993. Ten new private sector banks were setup after new guidelines issued by Government of India. In 2001, two new banks came into existence after revised guidelines of setting up new banks.

**Banking Sector Reforms**

The Indian banking industry had been considered as substantially regulated and financially suppressed till 1991. The banks were regulated by policies like high statutory liquidity ratio (SLR) and cash reserve ratio (CRR). The banks had to hold certain part of their deposits in the form of government securities with RBI. The percentages of the said deposits and government securities were very high. As a result of this, the banks were left with less amount of money to allocate for lending purpose. This had a direct impact on the performance of the banks in India. For instance, the CRR was at its peak i.e. at 15% and the SLR was at 38.5% in 1991 (Shirai, 2002). The regulations were not only limited to these ratios but also having other aspects as well like interest rate controls was vested in government’s hands and mandatory allocation of funds to priority sectors (agriculture, small scale industries, small businesses, self employed persons and small transporters). The severity of the financial regulation and suppression was increased by these factors. Consequently, banks were left with small amount to be deployed in other areas.
Joshi and Little (1996) found that the loans granted by the banks were confined to finance the working capital for large firms and trade only. Furthermore, it was the perception that the banks efforts should be in direction to contribute in planned development of India and banks were supposed to work for strategically important sectors only. After nationalisation of major private banks, the banks had been assigned targets to extend their services to priority sectors and rural areas. As a result, bank’s usage increased to finance the fiscal deficits of the country. At the same time the other private and foreign banks were permitted to operate along with public sector banks but their operations were severely limited by regulations and they were not allowed to open new branches without the permission of government. Due to this the presence and contribution of these banks was negligible.

During the period 1969 to 1991, the numbers of banks increased too little but the branches of public sector banks were allowed to expand substantially. As a result, the funds were mobilized success fully to the strategic avenues. During the same period banks increased their deposits due to less inflation rates. In spite of this, the performances of the banks were not up to the mark and balance sheets of most of the banks showed unprofitability, inefficiency and internal risk management proved to be a failure.

This odd situation led to force the government to go for financial liberalization in 1985 and introduced the Treasury Bills (TB). The government took steps to develop the money markets and interest rate deregulations. The Treasury bill (182-days) was introduced with auction system in 1986. To accommodate liquidity in the financial markets, the Discount House of India (DFHI) was incorporated in 1988. Thereafter, the other money market instruments such as certificate of deposits (CDs) and Commercial Papers (CPs) were launched. These changes made the initial development of money systems in India but substantial changes were yet to come.

Narasimham Committee was constituted by government in 1991, headed by M. Narasimham the former RBI governor to suggest the revolutionary changes
needed in Indian financial system. The committee submitted its report and recommended radical financial sector reforms in banking and capital markets. The government gave its consent on most of the recommendations made by the committee and announced the followings reforms:

**Reduction of CRR and SLR**

In tune with the recommendations made by the Narasimham Committee, the Reserve Bank of India reduced the CRR step by step in the reform period. The CRR was reduced gradually from 15% in 1991 to 5.5% in December 2001 (current CRR is 4%). The Reserve Bank of India paid an interest rate on qualified cash balances that banks maintained with the apex bank. The Statutory Liquidity Ratio was also reduced gradually from 38.5% in 1991 to 25% in 1997; as per the level recommended by the said committee (the current SLR is 21.25%).

**Interest Rate Deregulation**

Since 1992, the Government of India introduced the interest rate deregulation after it liberalized interest rates in money market. Due to this, all term deposits and lending rates over Rupees two lakh were completely liberalized. These interest rate reforms have positively affected the growth of deposits and advances. As term deposits had a share of 70% of the total deposits of the banks, interest rate deregulations helped the banks in a strategic way. As far as the interest rate of saving and lending up to Rupees two lakh is concerned, government allowed banks to change these rates as per their discretion as long as these rates are below the prime lending rates.

**Reforms on Priority Sector Lending**

As explained earlier, the banks had to allocate a specific portion of their advances to strategically important avenues at concessional fixed interest rates. For instance, the banks were required to lend their 33% of total credit to the priority sector at concessional rate as laid down by the government. Due to this the, bank had to lend finance in the schemes like poverty alleviation by Indian government.
The target to lend in priority sectors has been raised to 40% in 1985. The target for foreign banks to lend in the priority sectors was increased to 32% in 1993 from 15%. Afterwards, the government imposed some sub targets on the foreign banks like sub target of 12% for export credit and a sub-target for small scale industries. Though, the overall targets on domestic banks and foreign banks remained unchanged to 40 % and 33% respectively.

**Entry and Branch Deregulations**

To expand the banking services in India and to ensure good customer services, the Reserve Bank of India issued guidelines to establish new private sector banks in 1993. As per the guidelines laid down, new banks required to maintain a minimum paid up capital of Rs. 100 crore. The banks had to get its shares listed in stock exchanges and they had to facilitate the priority sectors as per target assigned. The new banks were not allowed to open any subsidiary or mutual fund within three years of establishment. The new banks were allowed to use latest physical and IT infrastructure to facilitate the customers with good services.

**Other Reforms**

Following the wave of the economic reforms, banking regulation Act of 1949 was amended in 1994. In the amendments, the ceiling of the voting rights in a private bank was raised to 10% for an individual share holder. As a result of amendments, eight new private banks came into existence during 1994 to 2001 in Indian banking industry. The private banks were allowed to open new branches in rural areas without taking individual State Directorate of Institutional Finance’s recommendations into consideration. During this time period, some private banks went for mergers to become strategically strong. Following this transition in banking sector, new foreign banks came into existence and the numbers of foreign banks rose to 26. The foreign banks were permitted to operate by means of branches only. The foreign banks were required to bring $25 million capital to start the operations in India. Though, the total capital was required to bring in different partial payments, $10 million each for first two branches and $5 million
for next branch. The foreign banks would be supervised closely by Reserve Bank of India through examining their dealings with domestic and international entities. The economic reforms were also introduced in the direction of attracting foreign investments. The foreign institutional investors were allowed to invest in shares of domestic companies even in banks as well. In 1992, banks were equipped with the powers of rationalizing their branches, shifting of branches within same territory, converting rural branches, and opening extension terminals etc. without getting advance approval from the apex bank.

Following the Narasimham committee and adopting international standards, the Indians banks and foreign banks were required to abide by capital adequacy ratio of 8% till March 1994. The rest of the banks were given more time to meet required capital adequacy ratio till March 1996. Different guidelines were issued in context of tier-I & II capitals, non performing assets, provisioning for substandard loans and subordinated debts. As stated earlier the banks were considered for non profitability and performance underdogs due to mounting nonperforming assets, prior to reforms period. To cope up with this situation, the government initiated the partial privatization of the public sector banks. The government also supported the sick banks with fresh capital provisions in budgets. During 1991-93, the central government recapitalized 19 public sector banks with a capital of Rs. 40,000 million. The government tried to recover the debts through forming tribunals in major cities. But this move did not become a big success. The government also went for reducing the operational cost of banks by means of voluntary retirement schemes for public sector banks in 2000-01.

1.2 Present Indian Banking Industry

The Indian banking industry has become one of the strongest industries of India which drive the economic growth of the country. The banking industry has a size of USD 1.763 billion as per RBI, 2013. The industry performance has been quiet good in last decade even when whole world including USA was struggling with the financial crisis and many economies collapsed due to said crisis. The industry has undergone substantial investment and developments in past years. The
economic developments and financial sector reforms have led to radical changes in Indian banking industry in last decades. All most now all bank provide SMS Banking, Mobile Banking, Telephone Banking, Missed Call Banking and Internet Banking with full transactions rights to their customers to cope up with competition. The banks have changed significantly in recent years and even public sector banks are competing with private banks through customer service excellence. The Indian banking industry is a confluence of public, private, regional rural banks and foreign banks (Figure-1.1). The Indian Banking industry can be classified into scheduled banks and non-scheduled banks. Scheduled banks are further segregated as commercial banks and cooperative banks.

Figure-1.1 Structure of Banking in India

The Indian banking industry comprises 89 scheduled commercial banks including 26 public sector banks, 20 private sector banks, 43 foreign banks as on March, 2013. This network of banking has reached out only 58.7% of the population of
the country as per the Census 2011. The banking industry has a small number of overseas branches across the world as well. The middle class in India is burgeoning with increase in purchasing power in urban and rural areas. On account of this, increase in employment provides banks with opportunities to go beyond the traditional banking and serve the customers with sophisticated technologies while keeping in view the responsiveness toward customers and financial viability for the banks. On the other side, the international expectations of Indian big companies are demanding cross border amalgamations, takeovers, acquisitions, enhanced services and sophisticated technologies from Indian banks. Recently, RBI laid down guidelines to introduce new banks, which will enhance the number of banking service providers and financial inclusion can be materialized. The existing banks require more capital to become compliant of Basel III norms in coming years. Meeting these requirements, the banks are deliberately using technologies like cloud computing and data warehousing.

The Indian government has allowed the banks to work as insurance broker; this may create a financial supermarket in which customers can avail different financial services under a single roof, the one stop solution to the customers. With the increase in tele-density, Indian bankers can achieve financial inclusion through mobile banking and with other technology based banking services. The services like payment transfer and balance check can be availed by the use of mobile banking. For next coming years, effective use of talent may be the critical factor for the success of banking players. The future operating model for banks would force banks to choose their areas of differentiation and excellence rather than aspiring to be a conservative single service provider. The following sections briefly describe the evolution in Indian banking and the technology innovations emerging in skilled India.

1.3 Regulatory Framework

The banking industry in India is regulated and supervised by different acts, associations and radiant autonomous bodies. The Reserve Bank of India is the principal regulatory body to regulate and supervise all scheduled banks in the
country. The Reserve Bank of India is the central bank of the nation and has the responsibility of managing the activities of whole financial system of the country. The legal structure of the Indian banking sector comprises a collection of acts like Banking Laws amendment Act 2012 which is applied on all banking operations of banks, Companies Act-2013, RRB act 1976, SBI act 1955 amended in 1993 and SARFASEI Act. While the Reserve Bank of India works as regulator, the banking ombudsman ensure the dispute settlement related to banking industry. The other valuable agencies are Indian banking association and Banking codes and standards Board of India. The following sections briefly explain the functioning of major regulating and supervising bodies of banking industry in India.

**Regulator**

Reserve Bank of India (RBI) is the regulator of the Indian banking industry. The apex bank was established on April 1, 1935 in accordance with the Reserve Bank of India Act, 1934. Initially the central office of the RBI was located at Calcutta but it was relocated permanently to Mumbai in 1937. Dr. Raghuram Govinda Rajan is the current governor of the Reserve Bank of India, he sits in the central office in Mumbai and all the policies related to banking sector are formed in the said office. The preamble of the RBI narrates that it regulates the issuance of currency notes and secures monetary balance through proper managing the currency and credit system in the country. Functions of Reserve Bank of India are given below:

**Bank of Issue**

Reserve Bank of India has the exclusive authority to issue bank notes of all form of denominations under section 22 of RBI Act. The bank works as an agent of the central government in distribution of one rupee coins and notes. The distribution of the small coins is also done by the RBI. The issue department is authorized to issue currency notes all over the country. The two fifth assets of the issuance department consist of Gold coins and bullions, and the three fifth assets are held
in terms of rupee coins and securities, promissory notes and bills of exchange payable only in India.

**Banker to Government**

The other crucial function of the apex bank is to work as government’s banker. Except the Jammu & Kashmir the RBI works as an agent of all government of India whether that is central or state. The RBI is obliged to conduct government business’s transactions related to cash balances, receiving and making payments, exchange remittances and other banking activities related to government. The bank manages the public debts and helps the government in floating new loans. The Reserve Bank of India works like an adviser of government in money and banking related matters.

**Banker’s Bank & Lender of the Last Resort**

The RBI functions as the banker’s bank as well. As per the provision in Company Act, all scheduled banks are required to maintain certain amount of cash balances with RBI. The minimum stipulated requirements are changed by RBI on time to time. All the scheduled banks borrow funds from the central bank on certain basis. The RBI provides all financial help to scheduled commercial banks. In case of bank crisis the RBI suggests ways and means of coping up the situation. The RBI is considered as the lender of the last resort.

**Controller of Credit**

Reserve Bank of India controls the credit flow in the monetary system of the country. RBI has the power to control the credit generated by the different commercial banks operating in India. This is done by changing the Repo and Reverse Repo rate which is also termed as Open Market Operations (OMO). Based on certain classes of securities the RBI can prevent the commercial banks to lend to certain types of borrower or groups of borrowers. RBI has been using Selective Credit Controls substantially since 1956. The apex bank is equipped
with different powers to manage the Indian banking industry. The new banks have to get license to start their operations in the country. All scheduled banks are required to submit different mandatory reports regarding their operations and returns to RBI with in stipulated time frame. The Reserve Bank of India is vested with powers such as power to check the accounts of any bank operating in India and it also retains certain percentage of cash reserve from the commercial bank’s deposits.

**Custodian of Foreign Reserves**

Reserve Bank of India is an authority to manage the rate of exchange of Indian currency with rest of world. As per the RBI act 1934, the bank is accountable to sell and buy the lots of sterling to maintain the exchange rates. In 1946, India became member of International Monetary Fund (IMF), since then the RBI has been maintaining exchange rate with members of the IMF. Another responsibility of RBI is to work like the custodian of country’s foreign reserve. The RBI administers the exchange rate controls of the country while maintaining healthy foreign currency reserve.

**Supervisory Functions**

Beyond performing the conventional monetary functions, the apex bank also perform some non-monetary functions such as supervising the commercial banks and gauging the soundness of banking and monetary system. The bank is empowered with powers of supervising and controlling the activities of all scheduled banks of India. The range of these powers comprise of licensing, expansion of branch, assets classification, reconstruction etc. The RBI conducts inspections of scheduled banks on time to time to supervise banks. These supervisory functions strengthen the banking system and operations of banks in India.
Promotional Functions

The apex bank discharges promotional functions like promoting banking trends of customers, extending banking services to unbanked areas and promoting specialised institutions for financing. For instance, the RBI helped in establishing the Unit trust of India, Deposit Insurance Corporation, Agricultural Refinance and Industrial Reconstruction Corporations of India. The bank encourages savings and promotes the safe banking in India.

The Banking Laws (Amendment) Act 2012

In 2012 the Government of India came with different amendments to earlier banking regulation act and introduced the Banking Laws Amendment Act 2012. The Act was introduced to develop the banking industry and to enhance the powers of the apex bank i.e. Reserve Bank of India. The Act empowers the public sector banks to raise their capital through preference shares, issue of bonus shares or right issue. The banks are permitted to change the authorized capital accompanying the approvals from the RBI and government beyond the ceiling of Rs. 3000 crore. Additionally, the Act laid down the guidelines of setting up new banks and branches. The Act helps the government in attaining the target of financial inclusion as well as giving enhanced banking services and creating extra employment avenues to the young workforce of the country. As per the Act, the voting rights in public sector banks may be limited to 10% in contrast to 1% earlier. Now the private investors have meaning full roles in the functioning of the bank as a share holder. This may lead to generate foreign funds in the capital of public sector banks. The voting rights in private sector banks have been increased to 26% in this Act. The impacts of this move may be in two directions in the future. On one side the promoters can have voting rights up to 26 %, which shows greater commitment level of the promoters. On the other side the decisions of the management can be influenced by promoters which may or may not be good for bank’s interest. That is why RBI has to continuously monitor the performance of
private sector banks to safeguard the interest of the public. There are certain additional conditions for the banks which are explained below:

- The minimum paid-up capital required for new banks is Rs. 5 billion.
- The independent directors should be in majority in the board of the banks.
- The banks are to open at least one fourth of its branches in non-banked rural areas.
- The banks are to follow the targets laid down by the government regarding the priority sector lending.
- Any kind of breach of interest may lead to penalty measures like cancelling the license of the banks.

As a result of the act, big corporate houses have applied for getting licenses of new banks including Birla and Mahindra group. The RBI received 72 applications for small financing banks and 41 applications for payment banks in 2014.

**Banking Codes and Standards Board of India (BCSBI)**

BCSBI is an autonomous body to protect the customers of banking industry operated in India. The board is independent but it is being financed by RBI for meeting its expenses and it looks after the bank’s commitment towards banking customers. It does not have a compensation mechanism. It is registered as society under Societies registration act 1860 and came into existence in 2006. The key roles of the said board are listed below:

- It works for providing fair treatment to banking customers and laid down comprehensive codes for banks.
- It continuously watches whether the codes and standards are being followed by banks or not.
- It evaluates the codes and standards applicable on the banks.

As a result of the efforts of RBI, 69 scheduled banks are members of the board.
Banking Ombudsman

Banking Ombudsman is partial judicial authority to solve the complaints of the banking customers with respect to banking services, cheque related problems, delay in payments, and failure to letter of credit promises. The Banking Ombudsman functions under Ombudsman schemes 2006. It receives tons of complaints from banking customers since 2002. During 2002-2006 it dealt with 36000 complaints. There is a standard procedure of filing complaint against any banker by the customer. First of all the customer should complain the failure of service to the concern bank. If the customer does not get service recovery within 30 days or not satisfied, he can file a complaint in Banking Ombudsman online or offline. As per RBI, during 2009-14 Banking Ombudsman received around 3.7 lakh of complaints.

1.4 Present Scenario in Indian Banking Industry

As per the Reserve Bank of India, the banking industry is well regulated and having adequate capital invested. The business and financial conditions are far better in India than most of other economies of the world. The studies based on different parameters such as liquidity, market and credit risk shows that the Indian Scheduled Banks are altogether resilient and have withstood the global downturn well. In Indian banks, the deposits have grown to US $1.274 trillion in year 2013. And total assets size was recorded at US$ 1.763 trillion in same financial year and is expected to reach US$ 2.85 trillion by 2025. The RBI and Government of India are putting forth their best efforts in making the Indian banks more competitive at par with global standards. The below mentioned sections describe the present scenario in Indian banking industry.

Banking Density and Penetration

According to the 2011 Census, only 58.7% of Indians accessed any form of banking services (Figure-1.2). As far as rural India is concerned, 54.4% people living in rural areas accessed any banking service. But that is a sharp upswing
from the 2001 Census, where only 30.1% of people living in rural India had accessed to banking services. To increase the banking penetration and making all economic transactions into the net of banking, financial inclusion has to play crucial role.

Figure 1.2 Banking Service Penetration in India (Census 2011)

<table>
<thead>
<tr>
<th>ATM &amp; Branch Density (RBI, 2011)</th>
<th>ATMs per 1000 sq km</th>
<th>ATMs per 1 lakh people</th>
<th>Bank Branches per1000 sq km</th>
<th>Bank Branches per lakh people</th>
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<tr>
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The RBI has even upgraded India’s Postal Department to function as a bank. But the apex bank has the biggest challenge stands ahead i.e. to establish banking penetration to unbanked places. As per Arvind Jayaram, BL research bureau, 2013 for every one thousand square km, there are mere 25.4 ATM machines are available in India (Table-1.1).

Going in detail there are only 8.9 ATM machines are serving to one lakh people in our country. This is among the lowest ATM densities in the world banking industry. ATM density in other countries has better figure than in India. The China has the highest ATM density 2975.1 ATM per 1000 sq km and around 50 ATM machines are serving every one lakh people in the country. As far ATMs per one lakh are concerned, UK has the best figure and 122.8 ATMs are serving to the said population segment. Though the India has better figure in terms of ATM density as comparison to Brazil, Indonesia but it still far behind than Thailand, Malaysia, UK and China. Despite this, India has slightly better position than other developing countries in terms of bank branch density. Even India has better figures than country like Brazil, South Africa, Thailand and Malaysia. In every 1000 sq km, India has 30.4 bank branches across the country. China is top in the bank branch density. Due to 2nd highest population country, India has only 10.6 bank branches which serve the one lakh people.

1.4.1 Banking Business Segmentation

The overall banking operations can be classified into four business segments.

- Retail banking.
- Wholesale banking.
- Treasury related activities
- Other banking services.
Retail Banking

Retail banking is the banking which transacts with end customers and these consumers are not companies and other banking entities. These customers use the services for their personal consumption so it is also termed as personal banking. The investment banking, merchant banking or wholesale banking is different from the retail banking. In retail banking customers generally use services like saving and term deposits, getting home loans or personal loans, mortgages, usage of cheque for payments and conducting transactions based on technology. It has the exposure to small businesses or mainly to individuals. In retail banking, adequate business segments are available to its players. The public sector banks have the largest presence across the country as compared to private and foreign banks. Some largest banks in retail banking are State Bank of India, Punjab national bank, ICICI bank, Bank of Baroda and HDFC bank. There is becoming tough competition in Indian retail banking due to entry of private banks which are changing the paradigms in banking through the use of technology and effective professional management.
Wholesale Banking

The wholesale banking is the banking dealing with large size of transactions such as financing mergers and acquisitions of big corporates, mid size companies and international big sum transactions like hedging. The wholesale banking involves providing financial services to organizations such as banks, fund managers, issue managers and mortgage brokers etc. The wholesale banking is well diversified Banking Avenue as well. In India all most all banks provide wholesale banking facilities to its customers. Banks work like a strategic partner with their clients in wholesaling business. The wholesale banking has further types like financing a project, lease finance and syndication services. In the wholesale banking Indian banks have remarkable presence. The ICICI Bank, State Bank of India and IDBI Bank etc. are the key players available in wholesale banking in India.

Treasury Related Activities

Treasury operations covers investments in sovereign and corporate debt market, equity market, derivatives, foreign exchange activities and mutual funds etc. These activities are done as proprietary activities or undertaken on account of any customer. The banks manage certain part of its funds through treasury activities. Generally, these activities consist of lending and depositing services. The banks have departments solely for treasury operations because these operations generate good earnings to banks.

Other Banking Businesses

The banks are generally involved in core banking services. But beyond that the banks provide vast number of different services to their clients. Some of these services include merchant banking or issue management, leasing and higher purchase and factoring for exports and other businesses. These services also contribute significant amount of earnings to the banks.

1.4.2 Products of the Banking Industry

The banking industry has wide range of products available to its customers like accepting deposits, giving credits and customer specific exclusive services. Generally all banks offer almost similar services with minor differences. The banks services can be divided in Generic and Specific Services. Generic Services
consist of deposits like demand and term deposits, granting loans such as short term and long term loans, mortgage or non mortgage loans, deposit sweep-in facility, money transfer and providing the services in fulfillment of government’s various schemes. The citizens of India are getting scholarships, wages, subsidies and rebates with the help of banks operating in India.

The **Specific Services** consist of cash withdrawals and deposits through ATM, Mobile and Phone Banking, Missed Call and SMS Banking, Internet or Net Banking and facilitating payments through Debit/Credit Card. The technology innovation has changed all the operations of banking industry. Banking customers can now pay their utility bills without failing the bill payment date, by giving standing instructions to their banks. The customers are not wasting their valuable time in standing queues of bill payments. They can use the facility of net banking and card payment using online transactions. Even the services like funds transfer, opening of recurring and fixed deposit accounts and request for cheque books or demand draft can be done by using online services. Beyond this, the banks are competing with each other for providing efficient, effective and customized services to its customers. The banks are also serving their corporate clients with some services based on fees like treasury services, demat accounts, discounting of bills, letter of credit, forfeiting and factoring, management of cash and underwriting etc.

**1.4.3 Technology Innovation in Indian Banking Industry**

Introducing or making something new can be termed as the innovation. The banking services have been in evolution phase since after the use of computerization in 80’s. The Indian banks have adapted international practices to make banking efficient, effective and enjoyable. Some of these practices which are considered as the major breakthrough in the industry include the following:

- Advanced Ledger Posting Machines (ALPM) usage in 1980s.
- Total Branch Automation (TBA) in late 1980s
- Electronic Clearing services.
- Formulation of India’s finance network (INFINET) in 1999.
Central database management of bank records.
Core banking solutions (CBS).
Real time gross settlement (RTGS) services in 2004.
Implementation of cheque truncation system (CTS).
Magnetic Ink Character Recognition (MICR).
Ru-Pay cards to facilitate payment system introduced in 2013.
Payment and small Banks in 2014.

These were some of structural change that banking industry went through. These changes established the ground for new banking system in India. Some of changes were opposed by different entities but all the changes proved to be beneficial for the banking industry in many ways. It is believed that these changes are market driven. It is not the customer who demanded these changes but globalization generated these requirements. These were not a result of internal situations but of external situations. The banking industry’s role was redefined to service provider of wide range of financial product and services provided at a single place such as a financial supermarket. With rising competition in banking industry, customers possess more knowledge and are demanding better services. Meeting customer expectations, the banks have to provide them wide range of banking products with customization. Due to this the era of universal banking and 24x7 banking started.

1.4.4 Innovative Distribution Channels

While banking industry has changed to customer driven, it becomes inevitable to provide the banking services to customers at a place which is suitable to them. Since 1991, the banks have been transforming the banking services and using alternate delivery channels to serve their customers. Due to increase in technology innovations banks have now different delivery channels to make their services available to banking customers anytime, anywhere. These innovative delivery channels include the followings:

**Automatic Teller Machine** (ATM) is a telecommunication based machine which facilitate the customers to avail services especially cash withdrawals with self-
service method. Now a days, customers can perform various kinds of transactions with the help of an ATM machine like account balance check, cash withdrawals, request of cheque book, depositing cash, fund transfers and generating account statement. As of March 2013, there were more than one lakh ATMs being operated by Scheduled Banks in India. The ATM services are becoming a matter of survival for the Indian banks. From the researches, it is proved that the use of ATMs has reduced the operational costs of banks substantially.

In India the use of **Plastic Money** i.e. Credit or Debit cards started during early 1990’s. Since then their usage has increased rapidly. Currently the banks are giving the debit cum ATM card to its account holder. The Debit/Credit Cards have a wide range of usage in financial system and can be used for transactions at ATMs, for payments at Merchant’s Points of Sales and for online transactions like paying utility bills etc. Only 2% of the bank customers use services of credit cards in India. So there is a huge potential available for banks to provide customers with the credit card, RBI (2013). In India there were more than ten crore transactions done by using plastic cards including debit and credit cards (RBI March, 2014).

**Internet Banking** is another alternative delivery channel for usage of bank’s products and services to reach the target customers. The banks are now having full transactions based website for the purpose of banking. Due to development in IT infrastructure, number of Internet users in India has increased substantially and as a result, the use of internet banking has also increased rapidly.

The other delivery channels include usage of banking services through **Mobile Phones**. The banking transactions are being done using generic and smart phones. In generic mobile phones the transactions can be done using Phone Banking and SMS Based Banking Services without having an internet connection. The banking services can also be accessed by using a predesigned mobile application software which uses internet as a medium of sending and receiving the instructions. Due to rise in smart phones in India, the mobile banking is also increasing exponentially.
Payment Banks

Indian financial system has been changing rapidly with the growth of technology. Due to technology proliferation, the manual banking transactions are decreasing and electronic banking transactions are increasing alternatively. Consumers buying trends through electronic channel is rising day by day. Consumers are now shopping online, recharging their mobiles & satellite televisions online as well as they are ordering their foods online. The utility bills, railway tickets and insurance premiums are being paid using electronic payment system. Consequently, there is big demand of a system that is typically designed to facilitate such type of online transactions. In order to meet this demand, the Indian Government is working on providing license to Small Banks and Payment Banks. The purpose of these banks is not only facilitating the financial transactions but also increasing the banking penetration in the country. The guidelines for such banks are issued by Reserve Bank of India and about 41 applications showed their interest to become payment banks (RBI, 2015). The payment banks are special banks which can accept deposit up to Rs one lakh and become the participant in financial system to facilitate transactions among consumers, organized retail chains, telecom operators and other business entities. They can invest $\frac{3}{4}$th of their deposits into government securities.

1.5 Risk Factor Associated With Indian Banking Industry

As every development have its own costs and benefits. The same is also true in the context of modern banking in India. As the numbers of online transactions are on its peak, the related risks are also rising. The complaints received by the different agencies like banking ombudsman are having a big number. While discussing the advantageous side of modern banking it is necessary to discuss the shortcomings or risks associated with it as well. The banking customers are losing their money by different types of frauds being done by antisocial elements .The major types of these frauds are explained below:
Cheque Frauds

The cheques usage has wide scope and almost all countries are using the cheque system to mobilize the money in banking system. The cheque related frauds are generally done by printing the cheque which looks like the original cheque, the forging of authorized signature on the cheque, tempering of the cheque and stealing of the cheques. Generally the cheques frauds are being made materialistic by external people but some time it is done by internal employees of the banks too. But how so ever it is done, the customer and bank has to pay the price for it. The banks follow some strategies to cope up with the situation like using watermarks, holograms and using micro printing while printing cheques. The banks need to devise more full proof technology for cheques circulation immune from such financial attacks.

ATM Frauds

Automated teller machine works more efficient as compared to a bank clerk and a bank teller while conducting banking transactions. The usage of ATM machines has significantly reduced the costs of banks and now this service is generally expected by the banking customers of all banks irrespective to type of bank (public, foreign and private). While talking about the Indian customers the banks have distributed the ATM cum debit cards in large numbers to them. But the banks are not succeeding completely in educating the banking customers about how to use these cards safely and effectively. Due to this the frauds related to ATMs are coming in notice. Some of these frauds are theft of cards, forging of the cards and cheating with less aware customers at ATMs locations.

Credit Card Frauds

The credit card facilitates the banking customers to avail the money in advance up to prescribed limit and pay the bill for the same later. But again the frauds are being done by fraudsters with the customers. The credit card is made up of sheet of polyvinyl chloride and contains some secret information printed and embedded on it. The fraudsters generally manipulate the cards, alter the original card, create
the counterfeit cards and steal the secret information of card through internet and telemarketing. The apex bodies in banking sectors have to take care of banking services from these types of serious frauds.

**Other Frauds**

The other frauds consist of frauds like sending electronic mails to customers and pretending as bank personnel or the original company representative. They somehow manage to cheat customers and acquire their secret information. Thereafter, they steal the money of the customers. Such types of frauds are known as **Phishing**. In another way the fraudsters use **Skimming** practice to steal the information of any ATM card through counterfeit cards.

**1.6 Indian Banking Industry-Road Ahead**

The economy of India is now on the verge of extensive transformation with the hope of policy implementations by government. Affirmative business sentiments, positive consumer confidence, guarded inflation and promising international clues might help in boosting of the GDP growth rate. The increase in spending on infrastructure sector and expeditious project implementation should add momentum to the economic growth. It is forecasted that the banking industry of the India will become the third largest in world by 2025 due to remarkable pace of economic growth (Ibaorgin, 2013). This communicates that the Indian banking industry soon will be getting a large expansion. Due to rise in overall economy it is inevitable to increase in the growth of credit and consequently rise in the banking industry is about to be seen. The report says that the Indian banking industry is on the threshold of a big growth in years yet to come and it is forecasted that the total assets of the industry may touch the mark of $2.85 trillion by the year 2025 from total asset size of $1.763 trillion in 2013. This exponential growth can be translated into banks focus shift to servicing their clients. As stated earlier the banks are using advanced technology to provide better services and experience to their customers. They are gaining competitive advantages due to this advancement in technology. Moreover, the customers’
expectations are also rising due to evolution in smart phone industry. The mobile making companies are offering smart phones at very competitive prices and following this, the telecom industry’s business players are providing high speed internet to make these smart phones to become more functional. These upswing trends in mobile and telecommunication sector are likely to impact the Indian banking industry. And the banking institutions are now providing technology and internet based services through their websites and other means. The usage of these services is likely to rise.

In tune of this, the banking institutions have to make their services more functional, enjoyable and customized. The technology based banking services have proved to be strategically and tactically beneficial for the banks operating in India. Even the services like contact less cards are emerging as future banking services. In these services the customer does not need to have their Debit/Credit Cards to access the banking services. The private sector banks like ICICI, HDFC and AXIS banks are already working on making these services feasible and safe. So it may be concluded that the banking industry in India will be going to enjoy its golden days in coming years and their presence will be enhanced on the world map.

1.7 Service Quality- Conceptual Framework

The service quality is a broad concept and comprehensively researched. The concept comprises different components researched over the time. That is why, any pursuit to study service quality, it is inevitable to discuss its each component. The following sections contain a brief overview of service quality and its measurement.

Service

The service concept is different from that of product and its attributes are quite more contrasting than the product. The concept of service marketing emerged in 1970s and at that juncture researchers focused on defining the service concept and its characteristics. Even the eminent scholars like Brown, Fisk and Bitner considered the services different from the products. The relationship between
product and service was discussed by Gronroos (1978). He attempted to elaborate
service characteristics and traits which differentiate it from the goods or products.
He found service having the traits of intangibility, inability to be seen, felt, tasted,
smelled and heard prior to its consumption or purchase. Typically the services
cannot be stored or collected and their production and consumption must be
simultaneous. Due to this, service is inseparable between production and
consumption. Moreover he described that the customer is an integral part of
process of service delivery. The services are having perishable nature, must be
produced and consumed at the same time. In an attempt to expand the service
concept Booms and Bitner (1981) gave an updated marketing mix which suited to
service concept. Instead of four P’s of marketing, they suggested three additional
P’s for marketing mix considering the service as intangible, perishable, variable
and inseparable. The additional P’s were customer’s physical evidence and his
participation in the service process i.e. process, physical evidence and
participation. Booms and Bitner researched the marketing practices and strategies
within service corporations and suggested that the service organizations must take
into account of additional three P’s in pursuit of strong performance of a service.

Service quality

Service quality has emerged as a crucial construct to facilitate the service
productivity which is also having relationship with customer satisfaction, loyalty
and profitability. Different researchers put forth their efforts to conceptualize the
service quality. In an attempt to describe Service Quality Zeithamal (1988)
asserted that it is customer’s perception of overall excellence towards any
product. Further, the renowned researchers in the area of service quality
Parasuraman, Zeithaml and Berry (1988) described the Service Quality in the
form of consumer’s evaluation based on comparison between consumer
expectations and perceived performance. Parasuraman et al (1988) further
described that this Service Quality is quite different from the objective quality or
absolute quality. It is the perception of the Service Quality and hence termed as
the Perceived Service Quality. To measure Service Quality, Service Quality Gap
Model and Service Quality (SERVQUAL) scale was developed by Parasuraman, Zeithaml and Berry (1985). This Service Quality measuring tool was accepted worldwide by different researchers and academicians. The service quality which was proposed to measure with SERVQUAL scale was comprehensively examined by different researchers and made operationalized by different other scales.

**Perceived Service Quality Assessment Models**

Perceived Service Quality Assessment consists of very wide and comprehensive literature. The researchers tried to find out different dimensions to form the construct of the Perceived Service Quality and different scales to quantify it. Many Service Quality dimensions and scales were developed for different service settings including technology based services. Dabholkar (1996) suggested five factors, speed of delivery process, reliability, ease of use, control and enjoyment of technology based services that influence Customer Service Quality Perception. Some other scales to measure the Perceived Service Quality of technology based services are given below:

- SITEQUAL (Yoo & Donthu, 2001).
- WebQual (Loiacono, Watson & Goodhue, 2002).
- ETailQ (Wolfinbarger & Gilly, 2003).
- E-S-QUAL (Parasuraman, Zeithaml & Malhotra, 2005).
- SSTQUAL (Lin & Hsieh, 2006).

Many assessment models describe service quality as a construct comprises of sub dimensions. The other researcher like Yen (2005) gave dimensions for internet service quality like ease of use, performance, efficiency, control and convenience which were proved significantly related with service quality. (Zhu, Wymer and Chen 2002) gave other dimensions of service quality like privacy, accuracy, technology advancement and organization’s multifunctional capabilities. Thereafter the technologies have changed the service organizations completely and the service to customers evolved from employee enabled to self service enabled.
Lin and Hsieh (2006) proposed perceived service quality of self-service technologies and suggested seven dimensions to form SSTQUAL scale. The suggested dimensions are:

1. Functionality
2. Enjoyment
3. Security
4. Assurance
5. Design
6. Convenience
7. Customization.

These seven dimensions proposed by Lin and Hsieh (2006) were having literature support and proved significantly related with customer satisfaction and behavioral intentions with in technology based services. Acknowledging the importance of the model used by Lin and Hsieh (2006), present study has used the same model to measure the customer service quality perception of technology based banking services provided by selected banks operating in India.

1.8 Banks selected for the Study

The current study is based on public, private and foreign banks operating in India. Top five banks from each category i.e. public, private and foreign were selected for the study on the basis of highest total of number of branches and ATMs.

A brief introduction of all the selected banks is given in subsequent sections.

Public Sector Banks

State Bank of India (SBI) is the largest public sector bank having domestic and international presence. It is an Indian multinational bank, providing financial services to its customers and popularly known as SBI. The bank has its head office located in Mumbai, Maharashtra state of India. Mumbai is also known as financial capital of India and almost all reputed corporations have their head offices or corporate offices in Mumbai. The bank came into existence in 1955
when the then Imperial bank of India was nationalized by government. The bank has its six associate banks. The bank had total assets of USD 388 billion as of December 2013 and a network of 14699 branches and 27175 ATMs in the same year. The bank provides almost all form of modern banking services to its customers.

**Punjab National Bank (PNB)** is a nationalised bank comes in the category of public sector banks in India. The bank was founded in 1894 and nationalised in 1969 by the Government of India. The banks also come in the category of four big banks of the India with State Bank of India, Bank of Baroda and ICICI Bank. It is popularly known as PNB. The bank has its foreign presence in the countries like UK, Hong Kong, Kabul and Dubai as well. The Bankers' Almanac ranked 248th largest bank in the world to Punjab National Bank. The bank has total assets worth USD 110 billion and a customer base of 80 million in year ending 2013. The bank has a network of 5515 branches and more than 6000 ATMs as of March 2013.

**Union Bank of India (UBI)** is one of the largest government owned banks operating in India since November 11, 1919. The bank came under the umbrella of public sector banks after its nationalisation in 1969. The Union bank of India has total revenue of USD 211 billion and net income USD 17.87 in the year 2012. The government owns more than 60% shares in the capital of the bank. Union bank of India has a big market presence in India with its network of 3551 branches and 4603 ATMs (RBI, 2013). The bank had also got listed in the Forbes 2000 companies. It has its offices and branches worldwide including Sydney, Hong Kong, Dubai and Belgium etc. While promoting financial inclusion the bank become a member of Alliance for Financial inclusion.

The fourth public sector bank selected for the study is **Canara Bank**. It is also a nationalized bank and came into existence in 1906. Since then it has been servicing the customers with banking products. It is among the oldest banks of the country. The Canara bank has its head office in Bengaluru, Karnataka. The bank has its vast presence across the country and some global footprints as well. The
bank has a network of 3743 branches and more than 3500 ATMs spread all across India (RBI, 2013). The bank collected revenue of USD 339 billion and with net income USD 33.41 billion in the year 2012. The bank had more than 44000 employees in the year 2012. Canara bank has its Global presence through its offices located at Moscow, New York, Hong Kong, Dubai and Shangai etc.

The fifth public sector bank included in the current study is Bank of Baroda (BOB) and comes in the group of earlier mentioned four big banks operating in India. The bank was founded by the Maharaja of Baroda in 1908. Now, it is owned by government since 1969 and has its head office located in Vadodara, Gujarat. The bank offers all types of banking products and services to its banking customers through its large network of 4263 branches and 2630 ATMs present across the country. The bank is also known as India’s international bank due to its significant numbers of international branches. Bank of Baroda has total asset more than USD 60 billion and was ranked 801 in the list of Forbes Global 2000.

Private Sector Banks

HDFC Bank was established after the new guidelines issued by Reserve Bank of India in 1992-93 to establish new private banks. It was incorporated in 1994 and has total assets worth USD 66.7 billion in 2013. The bank has it’s headquarter in Mumbai, Maharashtra. The bank became the largest private sector bank in terms of market capitalization in early 2014. The promoter of the bank is a premier housing finance company the Housing Development Finance Corporation of India. The brand trust report published in 2014 ranked the HDFC bank 32nd place among most trusted brands of India. The bank has wide network of 3032 branches and more than 10000 ATMs (RBI, 2013) and the bank had customer base of 28.7 million in 2013.

ICICI Bank is one of the largest private sector banks operating in India. The bank was incorporated in 1994 by ICICI limited. The bank is a subsidiary of ICICI limited. ICICI bank provides all kinds of traditional and modern banking products to its customers. The bank had total assets of worth USD 124 billion in the year 2014. The bank facilitated its customers with its services with a network
of 3095 branches and 10481 ATMs in the country. The bank has its foreign presence as well in countries like UK, Canada, US, Russia, Qatar, Hong Kong and Singapore etc.

**Axis Bank** is the third largest private sector bank and earlier known as UTI. The bank provides its banking services to all segments of banking business like mid and large size corporates, SMEs and other businesses. The bank was founded in 1994 as UTI bank. Later it was changed to present Axis bank. As per RBI report 2013, the bank has 1932 branches and 11245 ATMs across the country. And in the same year the bank was tilted of having large numbers of ATM by a private bank in the country. Axis bank has its ATM at a very high altitude in Thegu, Sikkim. The bank has its subsidiary in United Kingdom as well. The bank owned total assents USD 54 billion in 2012.

**Federal Bank** is the fourth private sector bank included in the current study. The bank has its head office in Aluva, Kochi and was founded in 1945 in Kochi. The bank is fourth largest private bank in India in terms of capital base. The bank has been awarded as 7\(^{th}\) INDY’s award for its contribution in developing sustainable strategies. As of March 2013, Federal Bank has 1096 branches spread across 24 states and 1172 ATMs across the country. The bank’s total assets are Rs. 70,000 crore as of 2013. The bank achieved the milestone of crossing one lakh crore of total business in 2013.

**Karur Vysya Bank (KVB)** was established in 1916 in Karur located in Tamilnadu by Mr. Venkatarama Chettiar and Mr. Athi Krishna Chettair was its founder members. The bank was started with an initial capital of lakh Rupees. Now the bank has emerged as the leading private sector bank having country wide presence of 548 branches and 1277 ATMs (RBI, 2013) with more than 7000 employee base. The bank has also been awarded as best bank by IDBRT for its banking technology for 2012-13. The recognition received by Karur Vysya bank was Kerala Excellence Award in 2014 and 188\(^{th}\) position in India’s most valuable Top 500 companies.
Foreign Banks

Citibank India is subsidiary of CITI multinational corporation and having its head office in New York. The Citi bank India was established in 1902 in Kolkata and hence having a long history in our country. Citi bank offers sophisticated banking services to its elite customer base in selected cities of India. The bank offers wealth management, Retail banking, corporate banking and security brokerage etc. to its customers. Citi group is one of the largest foreign investor in our country. As of March 2013, the bank has a network of 43 branches and 605 ATMs across the country. Citi bank has highest numbers of ATMs among foreign banks in India. The bank has also been awarded as the best Consumer Internet Bank of India for consecutive four years.

Standard Chartered Bank (SCB) is the second foreign bank selected for the current study. The bank operated in Africa till 1969 and then merged with chartered bank in the same year. The bank has its existence in India since 1858. It is British overseas bank and has its presence in more than 70 countries across the world. It is listed in stock exchanges located in Hong Kong and London including BSE and NSE in India. The bank has the largest branches in the category of foreign banks operating in India. The Standard chartered bank offers services like retail banking, corporate banking and other sophisticated banking services to its customers through 99 branches and 303 ATMs (RBI, 2013). The bank has been awarded with prestigious Best Foreign Bank 2012 award by Bloomberg Financial Leadership Award.

HSBC Bank has its origin since 1853 in India as the mercantile bank of India incorporated in Mumbai. The bank has its Indian presence through 50 branches and 142 ATMs as on March 2013. The bank is offering services like personal banking, NRI banking, Financial Planning services, Corporate and Business banking, payment and cash management, Factoring services and Custodial services to its customers. The bank has its head office in Mumbai, Maharashtra.
Royal Bank of Scotland (RBS) has been in India since 1921. It has good depth in the local market and it uses its capabilities appropriately to meet the needs of its clients. The bank operations include personal banking, corporate banking, debt and capital market, foreign exchanges, NRI banking and trade related services. RBS has a moderate market presence in India through 31 branches and 120 ATMs (RBI, 2013). Its clients comprise top Indian corporations, Indian Government and HNIs. It takes advantage of its global presence and understandings in the local market to provide customers with world class services and banking solutions.

Deutsche Bank is leading foreign bank operating in India and is fully equipped with all means of modern banking in India and the world. It is recognized as a leader in countries like Europe especially in Germany. The bank has more than 80,000 employees across the globe and has its presence in more than 70 countries. In India, Deutsche bank offers business banking, NRI banking, personal banking, credit cards, onshore investment banking, wealth management and investments solutions to its clients. The bank has 17 branches and 53 ATMs as per RBI, 2013. The bank’s services have been recognised by domestic and international prestigious agencies in the last decade. The bank has been awarded the best bank in India in 2008 and best sub custodian in India in 2009.